PROVINCE OF SASKATCHEWAN

2010

ANNUAL REPORT

NORTHERN MUNICIPAL TRUST ACCOUNT (NMTA)

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Letters of Transmittal

Minister's Letter of Transmittal

The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

Your Honour:

It is our privilege to submit to you the Annual Report of the Northern Municipal Trust Account for the fiscal year ending December 31, 2010.

Respectfully submitted,

Darryl Hickie
Minister of Municipal Affairs

Deputy Minister's Letter of Transmittal

The Honourable Darryl Hickie
Minister of Municipal Affairs

Dear Minister:

I have the honour of submitting the Annual Report of the Northern Municipal Trust Account for the fiscal year ending December 31, 2010.

Respectfully submitted,

Van Isman
Deputy Minister, Municipal Affairs

Introduction

This annual report presents the activities and results of the Northern Municipal Trust Account (NMTA) for the fiscal year ending December 31, 2010. It sets the stage for future planning and budgeting processes by providing an opportunity to assess the accomplishments, results, and lessons learned, and identifying how to build on past successes for the benefit of Saskatchewan people.

The 2010 Annual Report reports on publicly committed strategies, actions and performance measures identified in the NMTA 2010 Strategic Plan. This Plan relates directly to the Mission Statement set out in the 2009-10 Strategic Plan of the Ministry of Municipal Affairs:

> *The Ministry of Municipal Affairs facilitates development of vibrant, safe, self-reliant, and accountable municipalities capable of providing leadership and serving the interests of Saskatchewan communities.*

The NMTA 2010 Strategic Plan aligns with the 2009-10 Strategic Plan of the Ministry of Municipal Affairs (MA) where appropriate. Please note that when implementing this new approach, several actions from the MA Strategic Plan were carried over incorrectly to the NMTA Strategic Plan. As a result, these actions cannot be reported on as they are not part of the NMTA's mandate.

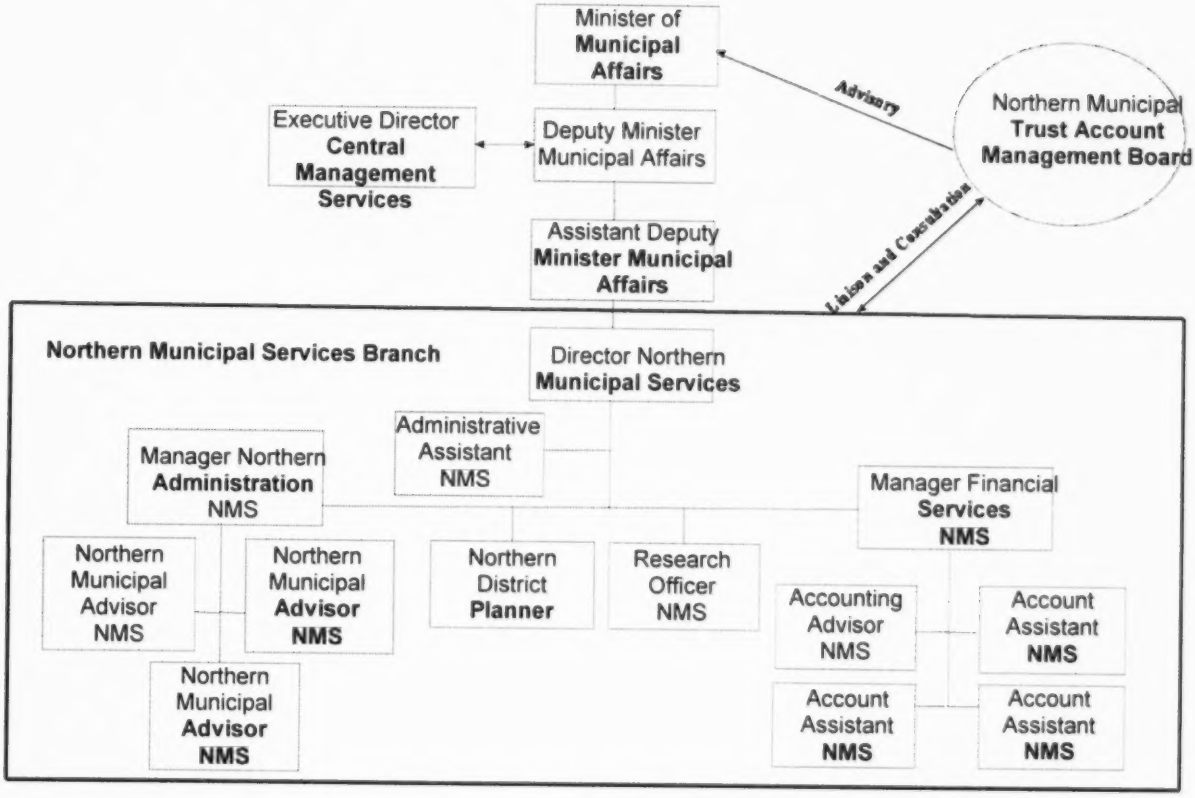
Minister's Mandate

The Northern Municipalities Act (the Act) provides that the purpose of the NMTA is to provide for the administration of funds and property held by the Minister for the following purposes:

(a) the benefit of northern municipalities generally;
(b) the administration of the district as a northern municipality; and,
(c) the disbursement of revenues derived from collection of taxes and other revenues on behalf of northern hamlets and the district, including northern settlements and recreational subdivisions.

The Minister functions as the municipal council for the Northern Saskatchewan Administration District (NSAD), including 11 northern settlements, 14 recreational subdivisions including the northern dispositions (unorganized portion), and collects property taxes in northern hamlets. The Minister consults with the local advisory committee in each settlement and cabin owners associations in many of the recreational subdivisions.

Organizational Chart



Overview

The Northern Municipal Trust Account (NMTA) is a special account established under *The Northern Municipalities Act*. The purpose of the NMTA is to provide for the administration of funds and property held by the Minister of Municipal Affairs for the following purposes:

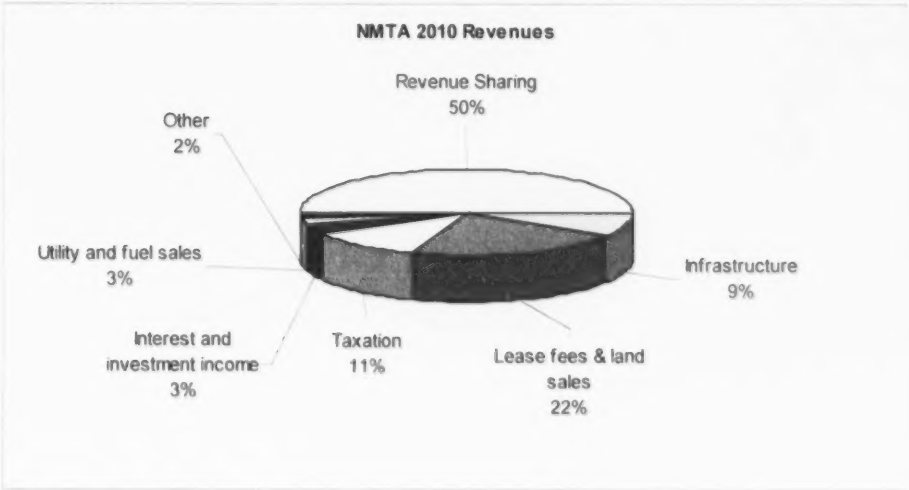
- To assist northern municipalities in providing quality services to their residents by funding operating and capital needs.
- To administer and fund the municipal functions of the Northern Saskatchewan Administration District (NSAD).

The NMTA provides programs and services to the 2 towns, 11 villages, 11 hamlets, in the NSAD as well as the 11 settlements, 14 recreational subdivisions, and the unorganized portion. The 250,000 square km of the NSAD had a 2006 population of 33,780 (15,618 off reserve, 16,704 in municipalities and 1,458 in NSAD).

In 2010, the NMTA completed the year with a surplus of $32.7 million. Total revenues were $23.4 million and expenses were $24.5 million. At the end of the year the NMTA has net financial assets of $27.0 million.

NMTA revenues were received primarily from the following:

- transfers from the general revenue fund and other federal provincial infrastructure programs;
- own source revenue from lease fees, land sales, property taxes and penalties collected on land in the NSAD;
- interest on Account monies deposited in financial institutions; and,
- utility and fuel sales.

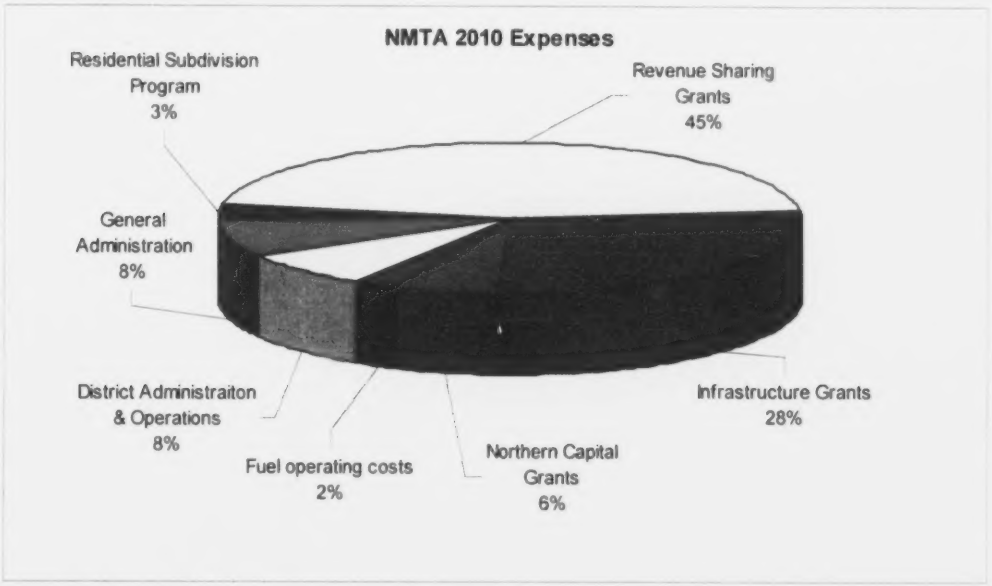


NMTA expenses primarily relate to the following four important municipal programs:

- revenue sharing program;
- water and sewer program;
- northern capital grant program; and,
- northern residential subdivision program.

Other expenses include:

- fuel operating costs;
- general administration; and,
- municipal operations.



2010 Highlights

Northern Water and Sewer Program

The Northern Water and Sewer program provided $2.1 million in funding to upgrade water and sewer systems in 21 northern communities, ensuring safe drinking water and enabling the communities to accommodate growth and development. The projects included the significant development of a regional water system serving the Town of La Ronge, the Northern Village of Air Ronge and the Lac La Ronge Indian Band.

PSAB 3150 and Tangible Capital Assets Project

In 2010 the NMTA acted to assist northern municipalities to comply with Public Sector Account Board (PSAB) standards. This required the 2009 municipal financial statements to fully account for municipal tangible capital assets (TCA). The project scope included evaluation of the municipalities' tangible capital assets for the financial statements. However, to take maximum advantage of this work the project also collected information to help in setting up tangible capital asset management as well as information to prepare the 2010 water and sewer system assessment.

Needs Assessment

In response to concerns about local capacity to manage finances, the NMTA worked with the International Center for Northern Governance and Development (ICNGD) to undertake a needs assessment of municipal management capacity in northern communities. The report was to identify the existing need and provide recommendations to address those needs. Research was carried out in the fall of 2010 with a report to be submitted to the Board in early 2011.

Planning for Growth North

In 2010, the NMTA received $203,522 in funding from the Federal Gas Tax program to deliver a Planning for Growth North program. The program hired two community planners who will work with northern municipalities over a two-year period to develop and implement official community plans (OCP) and zoning bylaws for those communities. The NMTA contributed $100,000 of its own funds towards this initiative. Delivery of this program will enable northern municipalities to plan for growth and development.

2010 Performance

Government Goal – Economic Growth

Sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

Strategy: Engage municipalities in increasing capacity for economic development

Results:

Implement the commitment for municipal revenue sharing to provide municipalities with a sustainable and predictable revenue source that grows with the economy

The commitment to provide sustainable and predictable revenue sharing to municipalities was implemented in 2009-10. The commitment was to provide the equivalent of 1 full point of the Provincial Sales Tax (PST) based on the previous year's Public Accounts to the municipal revenue sharing pool. In 2009-10 and 2010-11 the initial allocation were set at 90% of one point. This program provided $11.1 million to northern municipalities in 2010-11. A further $460,000 was provided by the NMTA as transition funding to four northern municipalities. In subsequent years the equivalent of one hundred per cent of one point of PST will be provided.

Increase municipal capacity through programs and services and joint initiatives with the municipal sector, including the Northern Local Government Administrators' Certification Program. A Northern Municipal Financial Administration Program is being developed for implementation in 2010.

To assist in addressing concerns over the training, recruitment and retention of qualified municipal administrators, a Northern Local Government Administrators Certification program was implemented in 2008. The program is run by Northlands College and is affiliated with the University of Regina. In 2010, 11 individuals were enrolled in the program from 13 northern communities. Seven students have graduated from the program since its inception and three have acquired the required number of hours for certification. A retired municipal administrator was been contracted to provide mentoring to students to help them obtain certification.

In 2010, a request for proposals to provide financial management support to northern communities was issued to address concerns over the timeliness and accuracy on many northern municipal financial statements. Unfortunately, no acceptable proposals were received and the program did not proceed.

As discussed below the ICNGD was contracted to undertake an investigation into the scope of capacity needs and make recommendation on how to address those needs.
Conduct consultations with northern communities, provide training initiatives, monitor local government financial reports and plans, work with elected councils and staff on methods to address local needs and prioritize development and services of the north

A Northern Needs Assessment of the 24 towns, villages and hamlets in northern Saskatchewan examined local government capacity. This Assessment reviewed the current education / training opportunities provided to local government administrators and elected officials. The review looked at gaps and needs relating to financial management and governance issues. The Needs Assessment will make recommendations for a capacity building plan for municipalities in northern Saskatchewan. NMTA fully funded the $100,000 cost of this project.

Revenues generated from specific northern activities such as taxes, land sales and leases are kept in the north for the benefit of the northern communities. Additional property tax revenue will be generated by increased multiple lot recreation developments due to rising costs in the operation and maintenance of the services. The NMTA will support increased revenue through oil and gas exploration. The increasing price of uranium, gold and base metals may encourage further exploration

The taxable assessment for properties in the NSAD remained relatively stable from 2009 to 2010 ($386.3 million in 2009; $386.4 million in 2010.) Property taxes in 2009 were $2.5 million, in 2010 $2.6 million. Lease fees generated $3.9 million in 2009 compared to $4.3 million in 2010.

Support and partner with New North to develop the capacity of communities to advance northern interests at the local and provincial levels

The NMTA provided New North with a grant of $320,000 to assist with its core operating costs.

Strategy: Assist municipalities in addressing infrastructure needs to support economic growth

Results:

Initiate the development of a municipal infrastructure plan for the province that includes community and regional sustainability planning. Updating and completion of the tangible capital asset review will provide more complete figures on these needs.

The information collected on municipal TCAs in 2010 will form the basis for an infrastructure plan for northern municipalities. It is anticipated that work on this plan will begin in 2011.

Provide accelerated capital funding through financial assistance programs to enable effective and efficient investments primarily for water, wastewater, solid waste, recreation and local roads

This objective is met by the delivery of the following financial programs and services to northern communities:

Northern Revenue Sharing Grant

The Northern Revenue Sharing Grant program provides unconditional funding to northern municipalities and settlements to assist in meeting their annual administrative and operational needs.

Northern Revenue Sharing Grant – Unconditional *(thousands of dollars)*					
Actual Grant Payments	2006	2007	2008	2009	2010
Towns	799	1,020	1,144	1,468	1,444
Northern villages	5,203	5,846	5,997	7,130	6,843
Northern hamlets	1,268	1,318	1,787	2,797	2,778
	7,270	8,184	8,928	11,395	11,065
Northern settlements	1,139	1,053	1,057	1,138	1,193
Flin Flon boundary agreement	38	35	36	36	39
Total	8,447	9,272	10,021	12,569	12,297

Northern Water and Sewer Program

The Northern Water and Sewer program continues to address infrastructure needs in the north:

Phase 2 projects for 2010 consisted of 15 projects in 13 communities, 12 of which are still in the construction phase. To date, $19.6 million has been spent with approximately an additional $2.6 million required to complete all projects in 2011.

Phase 2 Source of Funding (000's)

Federal	Band	Provincial	Municipal	NMTA	Total
6,615	4,374	2,394	444	8,372	22,199

Phase 3 of the Northern Water and Sewer program began in 2008, with 17 projects prioritized in 13 communities at an estimated total cost of $42.7 million. All projects are expected to be completed by 2015.

Phase 3 Source of Funding (000's)

Federal	Band	Provincial	Municipal	NMTA	Total
7,509	7,042	7,509	392	20,245	42,697

Northern Water and Sewer Program
(thousands of dollars)

	2006	2007	2008	2009	2010
Towns	927	359	1,085	4,361	3,745
Northern villages	1,205	4,663	3,002	1,562	1,856
Northern hamlets	381	44	169	222	325
General expenditures	224	201	215	197	168
	2,737	5,267	4,471	6,342	6,094
Northern settlements	78	81	181	185	10
Total	2,815	5,348	4,652	6,527	6,104

Northern Emergency Water and Sewer Program

The Northern Emergency Water and Sewer program assists northern municipalities and settlements with emergency funding in the event of unforeseen problems which threaten the safe and efficient operation of the community's water and sewer systems.

In 2010, emergency funding of $428,000 was approved for emergency repairs to water and sewer systems in four (4) communities. Expenditures totalled $188,737 in 2010 in five (5) communities.

Emergency Water and Sewer Program
Program Expenditures
(thousands of dollars)

	2006	2007	2008	2009	2010
Northern villages	74	271	37	7	173
Northern hamlets	271	118	60	12	16
	345	389	97	19	189
Northern settlements	--	--	35	--	--
Total	345	424	97	19	189

Circuit Rider Program – for water and sewer programs

The Circuit Rider program assists communities and the NMTA in ensuring the water and sewer systems are being run efficiently and adequately maintained. Each year, two visits are made to all 31 northern communities with water and sewer systems to provide training and technical assistance to the operator. Reports on the operations are prepared on each community. Contract expenditure in 2010 was $336,223. The Circuit Rider program has been in existence since 2003 and its success has contributed to the reduction in use of the Northern Emergency Water and Sewer program.

Northern Capital Grants Program

The Northern Capital Grant program supports northern municipalities and settlements by providing capital funding for acquiring, constructing or upgrading municipal facilities, furniture, fixtures, and equipment. The Northern Capital Grant program is a five-year $7.2 million program expiring March 31, 2013. In 2010, the program expended a total of $1.474 million on 86 projects in 20 communities. The program has expended a total of $3.122 million since April 1, 2008.

Northern Capital Grants Program
(thousands of dollars)

Grant Payments	2006	2007	2008	2009	2010
Towns	227	371	204	348	109
Northern villages	746	780	838	977	1,251
Northern hamlets	29	58	371	133	34
	1,002	1,209	1,413	1,458	1,394
Northern settlements	94	101	150	30	80
Total	1,096	1,310	1,563	1,488	1,474

Secure the Northern Residential Subdivision Development program revolving fund of $6 million to help meet increasing demands for new residential lots

The Northern Residential Subdivision Development program is a $6 million revolving fund assisting communities to meet needs for serviced residential lots. Most northern municipalities do not have the financial resources required to develop new residential subdivisions. Therefore, the northern municipality provides the land at no cost to the NMTA, which, in turn, incurs the land development costs. The program requires that the municipality sign an agreement to repay the development costs over a five-year period. These agreements and lot sales ensure the NMTA will fully recover the costs of lot development. Any excess funds are returned to the community

In 2010, the program expended $823,212 in Air Ronge and La Ronge, enabling development of 61 lots. La Loche was approved for a 38-lot subdivision, but in

April 2010, the community placed the project on hold, with plans to revisit the project in 2011. Stony Rapids was approved for a pre-feasibility study that will begin in 2011.

Previous subdivision development occurred in the communities of Cumberland House, Denare Beach and Pinehouse. These communities have completed their obligations under the program and 57 lots were transferred back to the municipalities. At the end of 2010, a total of 34 lots remain owned by the NMTA, with 61 in development. Currently, $3.1 million remains uncommitted in the revolving fund.

Strategy: Support effective community planning

Results:

Collaborate with the municipal sector to identify and implement opportunities to enhance planning for growth regions

In 2010, the NMTA applied for and received $203,522 funding from the Federal Gas Tax program to deliver a Planning for Growth North program. The program was initiated in August 2010 and is planned to run to August 2012. The program hired two community planners who will work with northern municipalities over a two-year period to develop and implement OCP and zoning bylaws to guide the growth and development of those communities. The NMTA contributed $100,000 of its own funds towards this initiative. Twenty northern communities have expressed interest in participating in the program. The community planners met with four communities in 2010 and completed a draft OCP and zoning bylaw for Stony Rapids.

Work on land use planning initiatives with the Ministries of Environment and First Nations and Métis Relations, communities and First Nations to ensure appropriate service agreements are in place for new developments

The NSAD continued to work with the Ministry of Environment, Town of La Ronge, the Northern Village of Air Ronge and the Lac la Ronge Indian Band on the development of a regional land use plan for the Planning Area around La Ronge. The plan addresses the long range development of the area surrounding the municipalities and First Nation.

Government Goal – Security

Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Strategy: Enable municipalities to achieve vibrant, safe, healthy communities

Results:

Enhance recreational opportunities in communities

The Northern Capital Grants program provided $190,000 towards recreation facilities in northern communities.

Assist municipalities to integrate provincial development priorities and interests to achieve sustainable communities

OCPs and zoning bylaws being developed under the Planning for Growth North program will consider the draft Statements of Provincial Interest

Assisting the settlements and recreational subdivisions to mitigate environmental impacts, in terms of landfill, wastewater treatment and disposal in conjunction with the Ministry of Environment

NMTA continues to work with the Ministry of Environment on landfill management in the NSAD. In 2010, work was undertaken to deal with options for solid waste disposal for three recreation subdivisions with the objective of implementing a solution in 2011. The most feasible solution appears to be use of bins for disposal with pickup and haul to an approved site.

Public health and safety risks to the communities and residents from forest fires and other dangers are managed through the development of emergency plans for communities

Draft emergency response plans were prepared for northern settlements and recreation subdivisions. In addition each settlement with a water and sewer system has an emergency response manual related to system functions.

Government Goal – Promises

Keep Government's Promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Strategy: Encourage and facilitate municipal, First Nations and Métis relationships

Results:

Land use planning will require consultation with northerners, as well as necessitate the duty to consult with First Nations and Métis communities

As noted above, work continues with the Lac La Ronge Indian Band to implement the Lac La Ronge area OCP and zoning bylaw. In addition, the NSAD continues liaison with First Nations on Treaty Land Entitlement selections in the NSAD and northern communities.

Develop and maintain partnerships with First Nations and Métis communities on issues in the north; develop policies and procedures on consultation

The NSAD works with First Nations on agreements for the provision of services to residents in northern Saskatchewan. Agreements are in place and are being developed for shared water and sewer systems such as the Lac La Ronge Regional Water System. The NSAD also participated with First Nations on the provision of regional waste management and emergency services.

Strategy: Increase NMTA's financial and operational transparency and accountability

Results:

Discuss the government's initiatives and investments in municipalities with the NMTA Management Board and New North.

The Lieutenant Government in Council increased the size of the Northern Municipal Trust Account Management Board to nine members from the previous total of eight members. The ninth member was to provide a voice for towns on the Board. The other eight Board members represent northern villages, hamlets and settlements.

In 2010, the NMTA Management Board held six meetings to discuss and review:

- monthly financial statements;
- progress on the water and sewer program;
- emergency water and sewer repair program applications;

- planning for growth program;
- progress on the Tangible Capital Assets, Water and Sewer System Assessment, and Asset Management System Pilot;
- northern capacity needs assessment project;
- northern financial administration program; and,
- other initiatives and investments in municipalities.

The Management Board protects against the NMTA's financial risks by ensuring:

- assets are inventoried and inspected on a regular basis;
- appropriate insurance is maintained;
- costs are monitored; and,
- local mill rates are adjusted when required to address increased operational costs.

The NMTA inventories its assets every two years. Settlement assets were included in the 2009 Associated Engineering tangible capital asset study.

Insurance is maintained on all NMTA assets at a cost of $71,000 per year. NMTA monitors costs, particularly on the water and sewer program due to high levels of variability.

Mill rates are adjusted to address operation costs. In 2010 the mill rates for Wadin Bay and Napatak recreation subdivisions were increased by one mill to cover participation in a regional fire services agreement.

Support municipal compliance with Public Sector Accounting Board and legislative requirements

For the 2009 financial year, PASB 3150 required 2009 municipal financial statements to incorporate TCA reporting. Northern municipalities in Saskatchewan were not yet compliant in respect of TCA and therefore required consulting services to create asset inventories. For each northern municipality, the consultant prepared a report containing an inventory and valuation of every TCA and the creation of a PSAB 3150 compliant asset register. In addition, the Ministry of Environment required municipalities to provide a Waterworks System Assessment (WSA) on the condition, capacity and remaining useful life of their water and sewer infrastructure systems. This also was completed for the municipalities.

Implement a Northern Municipal Financial Administration program

In 2010, a request for proposals to provide financial management support to northern communities was issued to address concerns over the timeliness and accuracy on many northern municipal financial statements. Unfortunately, no acceptable proposals were received and the program did not proceed.

Continue promoting accountability and transparency by:

- *providing quarterly reports to the Ministry;*
- *preparing an annual plan and budget by December 31;*
- *timely release of an annual report; and,*
- *ongoing review and update of the Policy and Procedures Manual.*

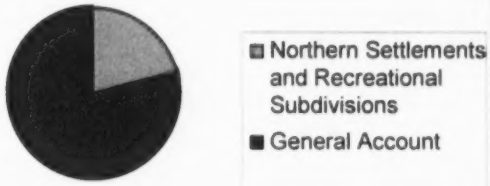
Fourth quarter 2009 and first and third quarter 2010 reports were submitted. The second quarter 2010 report was not submitted due to staff vacancy.

The 2009 annual report and audited financial statements were tabled on time.

The 2011 budget and strategic plan were approved by December 31, 2010.

Policy and procedures were reviewed for the water and sewer program, emergency water and sewer program, other polices were updated with respect to implementation of *The Northern Municipalities Act 2010*.

Performance Measures

Measure	Baseline / Trend Line Information
Net financial assets in the general account do not fall below $6 million	**2010 Net Financial Assets ($27.0 million)**  $22.4 million General Account $ 4.6 million Settlements and Subdivisions

Significance of the Measure

In order to ensure the long-term sustainability of the NMTA, a $6 million minimum amount of net financial assets in the general account ensures adequate cash flow to meet financial programming commitments. The NMTA does not have the ability to borrow money to address cash shortages.

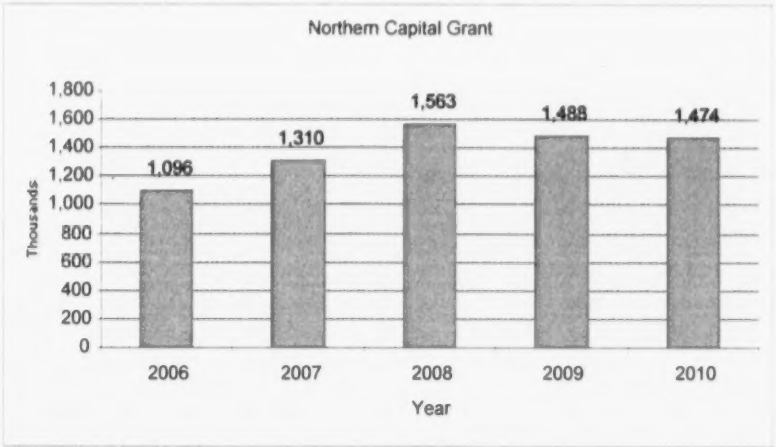
Internal reports and financial statements are tabled on time	**All internal documents filed on time, financial statements tabled on time with no major discrepancies or concerns**

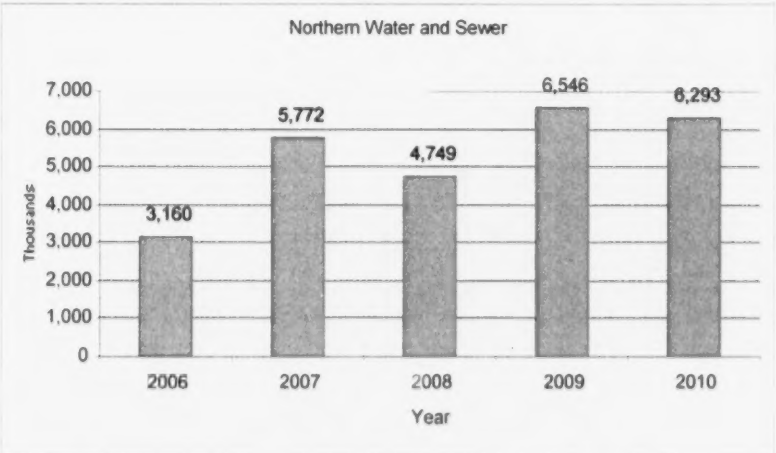
Significance of the Measure

The NMTA is accountable to provide timely and accurate information to the Ministry of Municipal Affairs, the Legislative Assembly and the public.

Performance Measures

Measure	Baseline / Trend Line Information
Amount provided to communities under the Northern Capital Grant (NCG) and Northern Water and Sewer (NWS) programs	





Program	2010 Projects	2010 Communities	2010 Funding
NCG	86	20	$1.47 million
NWS	26	21	$6.29 million

Performance Measures

Measure	Baseline / Trend Line Information
Amount provided to communities under the Northern Revenue Sharing Grants program	

Significance of the Measure

The Northern Capital Grant and Northern Water and Sewer programs provide funding for infrastructure upgrades and expansion.

Northern communities have a high dependence on the Northern Revenue Sharing Grant to support operations and administration. Local tax bases are very limited and without federal and provincial support many communities would not be able to deliver these services to their residents.

Number of lots developed under the Northern Residential Subdivision Development program, and number of lots sold

Year	# of Lots Sold	Value
Prior to 2010	31	$528,259
2010	3	$ 45,000
2011Target	12	$107,348

The 2011 target is to complete the new subdivision in Air Ronge, continue with the subdivision construction in La Ronge and start a new subdivision in La Loche. Stony Rapids plans to complete its feasibility study in 2011.

The target of 12 lots being sold relates to Ile a la Crosse as their subdivision is complete and residential lots are available for sale.

Significance of the Measure

Development of residential lots is essential to enable northern municipalities to meet housing needs of their residents. Improved housing enhances the quality of life for community residents.

2011 Outlook

The 2011 NMTA consolidated budget projects an overall deficit of $8.2 million. This is projected to decrease the net financial assets in the account to $19 million by the end of the year, of which $4.6 million is restricted for use in the northern settlements and resort subdivisions.

Revenue Sharing

Full implementation of the sustainable and predicable revenue sharing model will take place moving to the equivalent of one (1) full point of the PST as reported in the 2009-10 Public Accounts. This is projected to provide $15.2 million for the northern revenue sharing pool. The funds will be distributed to northern communities based on the northern formula.

Water and Sewer

Phase 2 water and sewer projects will be completed with $2.6 million budgeted for 2011. Phase 3 water and sewer projects, estimated at $11.6 million, are planned to begin construction in 2011. The budget is $9.9 million in 2012, $5.9 million in 2013, and $6.9 million in 2014 to coincide with the wrap-up of the Building Canada Fund.

Currently, cost increases in delivery of the program are placing lower priority projects at risk of being delayed past 2014. The projects to be delivered will be evaluated on an ongoing basis to ensure critical projects are capable of being completed.

The Circuit Rider program runs to the end of 2011. The program started in 2003 and consists of two (2) visits per year to each community to monitor water and sewer systems and mentor the operators. The program is considered an essential aspect in protecting the water and sewer infrastructure investment made by the NMTA. Extension of the program will be undertaken in 2011.

Capacity Development.

The report and recommendations from the ICNGD will be submitted to the NMTA early in year. The Board, along with northern leaders will begin determination on development of a program to address the needs identified and direction provided.

Residential Subdivision Development

The Air Ronge and La Ronge residential subdivisions should be fully completed in 2011. Evaluation is taking place at Stony Rapids to determine the feasibility and costs of developing added lots in that community. With the repayment agreements contained in the new developments the existing revolving fund should be adequate to respond to any future needs.

Planning for Growth

Planning for Growth North will enter its second year in assisting northern communities update their official community plans and zoning bylaws. Three to four new OCPs and zoning bylaws are expected to be adopted and work commenced on an added 3-4 communities.

Tangible Capital Assets and Northern Infrastructure Plan

During 2011 the results of the TCA project and 2010 water and sewer systems assessments will be evaluated with the objective of developing a long term needs identification in terms of assets and infrastructure required by communities to accommodate their future growth and development.

Mill Rate Review

As a result of increasing costs of water and sewer projects, the NMTA will initiate a review of the municipal mill rate on isolated dispositions to determine the effectiveness of increasing the mill rate in 2012 to assist in addressing cost increases.

Appendices

Appendix 1

NORTHERN MUNICIPAL TRUST ACCOUNT
Goods and Services

Listed are payees who received $50,000 or more for the provision of goods and services, including supplies, communication, contracts and equipment.

AECOM Canada Ltd	216,527
Altrav Mechanical Ltd	402,623
Associated Engineering	1,133,450
ATAP Infrastructure	356,184
Beckie Hydrogeologists	58,530
Bullee Consulting Ltd	218,988
Dean Herman Logging Ltd	82,373
Delco Automation Inc.	66,995
Fehr Trenching & Excavating	50,064
Geoassets Ltd	124,446
J & R Atkinson Excavating	661,091
McAllister Drilling Inc	62,752
Miners Construction Co. Ltd	5,630,602
Merlin Ford Lincoln	94,805
Mones & Associates Insurance Brokers	67,706
Points North Freight	339,435
Ritchie Construction Ltd	135,681
Sapphire Group	56,487
TSL Mechanical	621,078
University of Saskatchewan	58,875
Uranium City Bulk Fuel Ltd	89,081

Personal Services

No payments were made to an individual for salaries, wages, honorariums, etc. which total $50,000 or more.

Payments Made to Related Parties

Listed are related parties who received $50,000 or more for the provision of goods and services, including supplies, communication, contracts and equipment.

Saskatchewan Housing Corp	850,000
Saskatchewan Water Corporation	575,854
Saskatchewan Power Corporation	206,318
SAMA	69,095

Appendix 2

NORTHERN MUNICIPAL TRUST ACCOUNT
Payments Of Transfers

Recipient	Revenue Sharing	Capital Grant	Other
New North			320,000
Towns			
Creighton	682,963		
La Ronge	760,600	109,391	
Villages			
Air Ronge	558,660	405,576	
Beauval	470,726	35,544	
Buffalo Narrows	698,936		
Cumberland House	530,902	126,305	
Denare Beach	579,125		
Green Lake	387,822	37,474	
Ile a la Crosse	762,429	130,402	
La Loche	1,229,335	132,831	
Pelican Narrows	433,551		
Pinehouse	543,763	181,932	
Sandy Bay	648,236	184,028	
Hamlets			
Black Point	170,364		
Cole Bay	280,936	17,182	
Dore Lake	243,304	30,000	
Jans Bay	240,942		
Michel Village	290,762		
Patuanak	261,808	3,600	
St George's Hill	266,643		
Stony Rapids	378,878		
Timber Bay	223,138		
Turnor Lake	183,197		
Weyakwin	238,162		
Settlements			
Bear Creek	108,722		
Brabant Lake	159,191	50,000	
Camsell Portage	14,594		
Descharme Lake	40,253		
Garson Lake	52,338		
Missinipe	212,587		
Sled Lake	101,761		
Southend	20,520		
Stanley Mission	83,458		
Uranium City	324,537		
Wollaston Lake	74,793	30,000	
Flin Flon	38,700		

Financial Statements

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Northern Municipal Trust Account, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Northern Municipal Trust Account has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

We enclose the financial statements of the Northern Municipal Trust Account for the year ended December 31, 2010 and the Provincial Auditor's report on these financial statements.

S. P. (Van) Isman
Deputy Minister
Municipal Affairs

Keith Comstock
Assistant Deputy Minister
Municipal Affairs

Randy Braaten
Director
Northern Municipal Services

Ken Kowalczyk
Manager, Financial Services
Northern Municipal Services

Regina, Saskatchewan
March 25, 2011

NORTHERN MUNICIPAL TRUST ACCOUNT

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

Provincial Auditor Saskatchewan

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1920 Broad Street
Regina, Saskatchewan
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SASKATCHEWAN

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Northern Municipal Trust Account, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and accumulated surplus, change in net financial assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Municipal Trust Account as at December 31, 2010, and the results of its operations, changes in net financial assets and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Brian Atkinson, FCA
Acting Provincial Auditor

Regina, Saskatchewan
March 23, 2011

NORTHERN MUNICIPAL TRUST ACCOUNT
Statement of Financial Position
As at December 31
(thousands of dollars)

	2010	2009
Financial Assets		
Cash	20,683	2,227
Temporary investments	12,648	28,448
Accounts receivable (*note 4*)	1,509	2,995
Inventory for resale	378	634
Total Financial Assets	35,218	34,304
Liabilities		
Grants payable	4,960	4,351
Unearned revenue (*note 5*)	1,546	1,492
Advance payments (*note 6*)	1,108	126
Accounts payable	147	93
Accrued landfill decommissioning (*note 7*)	245	239
Revenues collected for others (*note 8*)	185	59
Total Liabilities	8,191	6,360
Net Financial Assets (*schedule 1*)	27,027	27,944
Non-financial Assets		
Tangible capital assets (*note 9*)	5,540	5,755
Prepaid expenses	45	--
Total Non-financial Assets	5,585	5,755
Accumulated Surplus (*schedule 1*)	32,612	33,699

Contractual obligations (*note 14*)

The accompanying notes and schedules are an integral part of these financial statements.

NORTHERN MUNICIPAL TRUST ACCOUNT
Statement of Operations and Accumulated Surplus
For the year ended December 31
(thousands of dollars)

	2010		2009
	Budget *(note 10)*	**Actual**	**Actual**
Revenue *(schedule 1)*			
Transfers			
Northern revenue sharing	15,500	11,718	11,718
Water and sewer	8,456	2,117	8,418
Other transfers	142	259	369
Lease fees	4,000	4,331	3,886
Taxation	2,684	2,641	2,535
Utility and fuel sales	747	747	630
Interest and investment income	582	783	822
Land sales	463	637	310
Other	42	164	147
Total Revenue	32,616	23,397	28,835
Expense *(schedule 1 and note 15)*			
Transfers			
Northern revenue sharing	14,343	11,104	11,433
Water and sewer	25,073	6,282	6,361
Northern capital	1,381	1,394	1,458
New North	320	320	320
Other infrastructure grants	--	150	5
Northern residential subdivision	2,500	830	679
Municipal services *(note 11)*	4,423	3,723	3,010
Fuel operating costs	600	597	528
Bad debt expense	50	45	117
Landfill decommissioning *(note 7)*	--	5	13
Total Expense	48,690	24,450	23,924
(Deficit) surplus	(16,074)	(1,053)	4,911
Accumulated surplus, beginning of year	32,349	33,699	27,710
Prior period error, accounts receivable		(34)	--
Restated accumulated surplus, beginning of year		33,665	27,710
Change in municipal administration *(note 12)*	--	--	1,078
Accumulated Surplus, End of Year *(schedule 1)*	16,275	32,612	33,699

The accompanying notes and schedules are an integral part of these financial statements.

NORTHERN MUNICIPAL TRUST ACCOUNT
Statement of Change in Net Financial Assets
For the year ended December 31
(thousands of dollars)

	2010	2009
(Deficit) surplus	(1,053)	4,911
Tangible Capital Assets		
Acquisition of tangible capital assets (*note 9*)	(292)	(840)
Amortization of tangible capital assets (*note 9*)	507	508
Write-down of tangible capital assets (*note 9*)	--	14
Assets transferred (to) from the NMTA *(note 9)*	--	(805)
Net Reduction (addition) of Tangible Capital Assets	215	(1,123)
Financial Assets		
Write-down of accounts receivable	(34)	--
Net Reduction of Financial Assets	(34)	--
Other Non-financial Assets		
(Increase) in prepaid expenses	(45)	--
Net (Increase) in Non-financial assets	(45)	--
Change in municipal administration to NMTA (*note 12*)	--	1,078
(Decrease) increase in net financial assets	(917)	4,866
Net financial assets, beginning of year	27,944	23,078
Net Financial Assets, End of Year	27,027	27,944

The accompanying notes and schedules are an integral part of these financial statements.

NORTHERN MUNICIPAL TRUST ACCOUNT
Statement of Cash Flow
For the year ended December 31
(thousands of dollars)

	2010	2009
Operating Activities		
Cash Receipts		
Transfers - General Revenue Fund	14,995	20,298
Leases and land sales	5,483	3,876
Taxes	2,629	2,523
Investments	873	852
Utility and fuel sales	723	693
Advance payment	2,870	1,391
Other sources	(28)	7
Total Cash Receipts	27,545	29,640
Cash Payments		
Transfers	(18,354)	(19,474)
Advance payment used	(1,889)	(2,047)
Northern subdivision development	(871)	(638)
Fuel operating costs	(340)	(711)
Municipal services	(3,153)	(2,340)
Total Cash Payments	(24,607)	(25,210)
Cash Provided by Operating Activities	2,938	4,430
Capital Activities		
Cash used to acquire tangible capital assets	(292)	(840)
Proceeds from disposal of tangible capital assets and tax title properties	10	3
Cash Used for Capital Activities	(282)	(837)
Investing Activities		
Proceeds from disposal of temporary investments	115,400	44,340
Purchase of temporary investments	(99,600)	(49,245)
Cash Provided by (Used for) Investing Activities	15,800	(4,905)
Increase (decrease) in Cash	18,456	(1,312)
Cash, beginning of year	2,227	3,539
Cash, End of Year	20,683	2,227

The accompanying notes and schedules are an integral part of these financial statements.

NORTHERN MUNICIPAL TRUST ACCOUNT
Notes to the Financial Statements
As at December 31, 2010

1. Authority and Organization Description

Northern Municipal Trust Account (NMTA), was established by Section 287 of *The Northern Municipalities Act* (Act). NMTA is administered by the Northern Municipal Services Branch of the Ministry of Municipal Affairs (MA). NMTA administers all revenues relating to the Northern Saskatchewan Administration District (NSAD) and all moneys appropriated by the Legislature for the purposes of northern revenue sharing and other grant programs. NSAD is a geographical area defined under *The Northern Saskatchewan Administration District Boundaries Regulations*. The NMTA also acts as a municipal operating fund for the unincorporated area in the district, the northern settlements and recreational subdivisions.

The Northern Water and Sewer Program provides funding to northern municipalities to develop and install or upgrade water and sewer systems to ensure residents have access to a safe potable water supply.

The Northern Capital Grant Program provides funding to northern municipalities with limited sources of revenue to assist in the construction and upgrade of municipal facilities and equipment.

The Saskatchewan Association of Northern Communities (New North) serves as a liaison between the northern municipalities and MA, and is an advocate voice for northern municipalities. The transfer to New North, on behalf of the northern municipalities and settlements, is to assist them in promoting membership in their association.

The Northern Residential Subdivision Program provides for the development of residential lots. Many of the municipalities in NSAD do not have sufficient tax bases or other sources of revenue necessary to develop a subdivision. Ownership of the developed lots is, by agreement with the municipalities, transferred to NMTA.

Pursuant to the Act, NMTA collects taxes for northern hamlets and northern school divisions. Taxes levied on behalf of northern hamlets and northern school divisions are not considered revenue of NMTA and are not reflected in the Statement of Operations. These taxes are remitted to the respective entities when received.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board and reflect the following significant accounting policies:

a) Inventory for resale

Fuel held for resale, by the northern settlement of Uranium City, is valued at the lower of cost, determined on a first in first out basis, and net realizable value.

b) Investments

i) Temporary

Temporary investments are term deposits recorded at cost, which approximates their market value.

ii) Portfolio

Portfolio investments are investments that are not subject to significant influence. They are recorded at cost, and revenue from these investments is recorded as income when receivable.

Athabasca Basin Development Limited Partnership (ABDLP) was established in 2002 to provide employment and economic development in the north. The northern settlements of Wollaston Lake, Uranium City, and Camsell Portage each have a six percent limited partnership interest in ABDLP, at a cost of $100 each. First Nations in the far north hold the remaining interest.

c) Landfill decommissioning and post decommissioning care

The costs to decommission landfill sites and the post decommissioning care are recognized over their estimated remaining lives based on the current land allocation to landfill and usage.

Total estimated costs will be adjusted in the year when events indicating a change is required become known.

d) Tangible capital assets

Tangible capital assets are recorded at cost in the year acquired less accumulated amortization. NMTA's tangible capital asset policy requires items with a cost of $500 or more and a useful life of greater than a year to be capitalized. All costs directly attributable to acquisition, construction, development or betterment are capitalized. Assets are amortized commencing in the year the assets are acquired using the straight-line method over their estimated useful lives as follows:

Buildings	25 years
Machinery and equipment	10 years
Office furniture and equipment	3 – 5 years
Water and sewer infrastructure	25 years
Other	10 years

Tangible capital assets are written down when the asset no longer contributes to NMTA's ability to provide goods and services.

Information regarding the value of roads and infrastructure contributed upon formation of the settlements and recreational subdivisions is not available. These assets are considered to be fully amortized with an insignificant residual value.

e) Revenue

Revenues are recorded on the accrual basis. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

11. Municipal Services

(thousands of dollars)	2010		2009
	Budget	Actual	Actual
General government	2,389	1,865	1,241
Utilities operating cost	718	819	804
Recreation and cultural	263	240	242
Environmental	265	194	232
Transportation services	537	559	464
Protective services	251	46	27
Public health and welfare	--	--	--
Total Municipal Services	4,423	3,723	3,010

12. Change in Municipal Administration

In 2009, the northern hamlet of Missinipe reverted back to a northern settlement. As of the effective date the financial assets, liabilities, non-financial assets and accumulated surplus were transferred from the northern hamlet to the northern settlement account (see Schedule 1).

13. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, Ministries, agencies, boards and commissions related to NMTA by virtue of common control by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

(thousands of dollars)	2010	2009
Expense		
Water and sewer transfers	543	467
General government	1,218	266
Accounts Receivable		
Water and Sewer Infrastructure and other	569	457
Lease receivable	332	871

In addition, NMTA pays provincial sales tax to Saskatchewan Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

Transfer from related parties during the year:

(thousands of dollars)	2010	2009
Ministry of Municipal Affairs	12,498	18,705
Ministry of Education	38	39
Ministry of Highways & Infrastructure	-	81
Saskatchewan Lotteries Trust Fund for Sport, Recreation and Culture	16	140
Grants in lieu from Saskatchewan ministries and agencies	47	52
	12,599	19,017

The Ministry of Environment is responsible for administering Crown land within NSAD. Therefore, Crown land is not reflected on the Statement of Financial Position. However, in accordance with *The Northern Crown Land Disposition Regulations* and the Act, NMTA is entitled to receive all proceeds from Crown land sales and leases within the NSAD.

14. Contractual Obligations

As at December 31, 2010, NMTA has entered into contracts to fund northern water and sewer, capital grant and northern subdivision projects through 2011. These obligations total $6.4 million (2009 – $6.3 million).

15. Expense by Object

(thousands of dollars)	2010		2009
	Budget	Actual	Actual
Transfers	41,143	19,250	19,577
Northern subdivision development	2,500	830	679
Wages and benefits	549	516	459
Administration	113	94	98
Maintenance, materials and supplies	939	877	847
Contractual services	1,627	1,087	1,160
Utilities	343	300	334
Amortization	359	507	508
Loss on disposal of tangible capital assets	--	2	11
Bad debt expense	52	45	117
Other expenses	1,065	942	134
Total Expense by Object	48,690	24,450	23,924

Schedule 1

NORTHERN MUNICIPAL TRUST ACCOUNT
Segmented and Restricted Assets

The NMTA functions as a consolidated fund, provides operating grants, capital grants, and other program funding to northern municipalities. It also serves in a municipal function in the administration of the northern settlements and recreational subdivisions. Revenues collected during the year and the accumulated surplus of $10.1 million (2009– $10.8 million) of the northern settlements and recreational subdivisions is restricted for their use only and is not available for use by the general account.

Statement of Financial Position
As at December 31
(thousands of dollars)

	2010				2009
	General Account	Northern Settlements	Recreational Subdivisions	Total	Total
Financial Assets					
Cash & temporary investments	28,891	3,799	641	33,331	30,675
Other financial assets	1,296	579	12	1,887	3,629
Total Financial Assets	30,187	4,378	653	35,218	34,304
Liabilities					
Grants payable	4,960	--	--	4,960	4,351
Unearned revenue	1,546	--	--	1,546	1,492
Other liabilities	1,272	337	76	1,685	517
Total Liabilities	7,778	337	76	8,191	6,360
Net financial Assets	22,409	4,041	577	27,027	27,944
Non financial Assets	87	5,347	151	5,585	5,755
Accumulated Surplus	22,496	9,388	728	32,612	33,699

Statement of Operations and Accumulated Surplus
For the year ended December 31
(thousands of dollars)

	2010				2009
	General Account	Northern Settlements	Recreational Subdivisions	Total	Total
Revenue					
Transfers	12,729	1,364	1	14,094	20,505
Lease fees	4,281	50	--	4,331	3,886
Taxation	2,424	37	180	2,641	2,535
Utility and fuel sales	--	747	--	747	630
Interest and investment	591	175	17	783	822
Land sales	637	--	--	637	310
Other	100	60	4	164	147
Total Revenue	20,762	2,433	202	23,397	28,835
Expense					
Transfers	19,250	--	--	19,250	19,577
Northern residential subdivision	830	--	--	830	679
Municipal services	845	2,666	212	3,723	3,010
Fuel operating costs	--	597	--	597	528
Bad debt expense	--	34	11	45	117
Landfill decommissioning	--	5	--	5	13
Total Expense	20,925	3,302	223	24,450	23,924
(Deficit) surplus	(163)	(869)	(21)	(1,053)	4,911
Accumulated surplus, beginning of year	22,693	10,257	749	33,699	27,710
Prior period error, accounts receivable	(34)	--	--	(34)	--
Restated accumulated surplus, beginning of year	22,659	10,257	749	33,665	27,710
Change in municipal administration (*note 12*)	--	--	--	--	1,078
Accumulated Surplus, End of Year	22,496	9,388	728	32,612	33,699